



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 25, 2000

CERTIFIED RETURN RECEIPT
Z 403 013 805

Mr. Dale Snyder
Absolute Mining and Minerals, Inc.
145 South 1350 East
Lehi, Utah 84043

Re: Request for Updated Mining and Reclamation Plan, Absolute Mining and Minerals, Inc. (AMMI), Dolores River Placer Operation, S/019/035 (UTU-72488), Grand County, Utah

Dear Mr. Snyder:

Thank you for participating in the joint Division and BLM site inspection on March 24, 2000. The Division has determined the next steps to resolve the noncompliance issues for your Dolores River Placer Operation. Based on the information gathered at the last inspection, the Division has prepared an updated map of the site and estimated the disturbed acreage. The estimated total area affected by recent mining activity is 7.24 acres (this includes 1.0 acre for the access road). The estimated area of old mining disturbances which AMMI indicated they could possibly reclaim is 5.99 acres. Three copies of the revised map are enclosed.

Please note that on this revised map, the borders of the permit area proposed by AMMI during the 3/28/00 inspection roughly approximates the same area measured during the 4/30/99 Division inspection. Making corrections for the pipeline corridor to the 4/30/99 measurement gives a total disturbed area of approximately seven acres including the acre for the access road. This proposed permit area would still exceed the small mine (five acre) limitation. AMMI would need to reclaim all of the disturbance on the hill and in the active pond area to reduce the total affected area to five acres or less.

This latest information supports the Division finding that AMMI's Dolores River Placer Operation has exceeded the five acre limit of surface disturbance for a Small Mine Operation. The current estimate of affected surface disturbance at the Dolores River Placer Operation is 7.24 acres. To remedy this situation AMMI has one of two options which are described below. Each

option will require AMMI to submit an updated mining and reclamation plan. **The Division requests that AMMI provide a written response to the Division and the BLM within 15 days of your receipt of this letter identifying which of the two options has been selected.**

OPTIONS

- A. IMMEDIATE RECLAMATION** - Agree to immediately begin reclamation of portions of the site to reduce the affected area to five acres or less. Immediate reclamation would include regrading portions of the site and removing any equipment or debris from those areas as approved and directed in writing by the BLM and Division. The immediate reclamation to be performed should envision seeding of the site this coming fall, 2000. If this option is selected, the Division and BLM would coordinate in preparing a written description of the immediate reclamation tasks and tentative schedule which would then be provided to AMMI.
- A.1.** As part of this option, AMMI will also need to provide an amendment to your current Small Mine Notice filed with the Division and the Plan Of Operations filed with the BLM. This amendment will need to be submitted within 30 days of notifying the Division of your decision to choose the Immediate Reclamation option. This amendment should describe the current and proposed mining activities, surface disturbances, and the proposed site reclamation. Also, describe the equipment to be involved in these activities and estimate the volume of materials to be mined or moved as part of the reclamation. Include a proposed schedule of mining and reclamation activities which will take place over the next three to five years. Describe all portions of the mine site which will be affected as part of these mining and reclamation activities.
- A.2.** As part of this option, AMMI will also need to delineate in the field with clear markers, all portions of the mine site which have been described under item 1 as being affected as part of the mining and reclamation activities. Please use the enclosed three copies of the site map as prepared by the Division to show these boundaries. Keep one copy and return the other two maps with disturbed or proposed disturbed area boundaries delineated to both the BLM and the Division as part of your amendment.
- B. LARGE MINE OPERATION** - Agree to submit a Large Mine Operation Notice of Intention (LMO-NOI) to the Division and also satisfy the BLM's notice requirements for an Amended Plan Of Operations within 45 days of your written notification to the Division of selecting this option. This LMO-NOI and Amended Plan Of Operations will then be subject to the normal Division and BLM review procedures. Division review of an LMO-

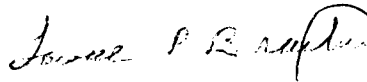
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NOI includes a 30-day public comment period and the posting of an adequate and acceptable reclamation surety.

Please note that your operations must also comply with the pertinent federal regulations administered by the BLM. The Division has coordinated this permitting action with the BLM under our current Memorandum Of Understanding, however, the Division's permitting action is not intended to supercede, or conflict with federal regulations.

Failure to provide a written response identifying which option is selected within the requested time frame will result in the Division proceeding with the enforcement actions which have been under a stay as a result of the November 5, 1999, informal hearing with the Division Director. If you have any questions regarding this letter please contact Mary Ann Wright at 538-5306, Wayne Hedberg at 538-5286, or Tony Gallegos at (801) 538-5267. Thank you for your cooperation in resolving this matter.

Sincerely,

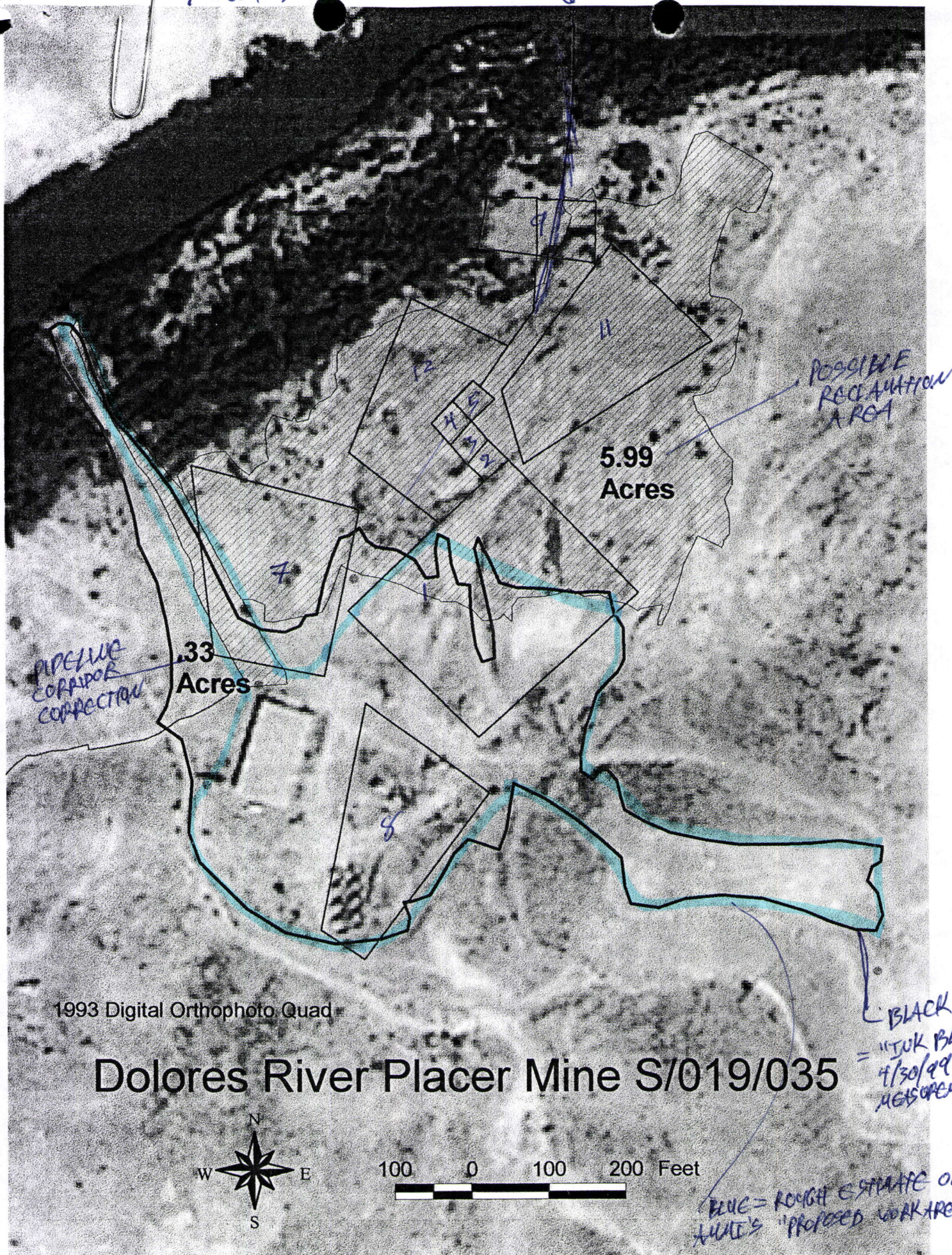


Lowell P. Braxton
Director

jb
Enclosure: 3 copies of Division site map
cc: Sal Venticinque, BLM Moab FO
Mary Ann Wright, DOGM
Wayne Hedberg, DOGM
Tony Gallegos, DOGM
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ROUGH MAP

6



5.99 Acres

33 Acres

PIPELINE
CORRIDOR
CORRECTION

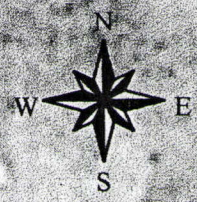
POSSIBLE
RECLAMATION
AREA

BLACK
= "TICK BLOT"
4/30/99
MEASUREMENT

BLUE = ROUGH ESTIMATE OF
TULLI'S "PROPOSED WORK AREA"

1993 Digital Orthophoto Quad

Dolores River Placer Mine S/019/035



100 0 100 200 Feet